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# ANALYSIS OF REVENUE ESTIMATES For The 1993 Biennium

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A Report Prepared for the  
**Legislative Finance Committee**  
by

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Legislative Fiscal Analyst's Office  
August 30, 1991





## SUMMARY

The Office of Budget and Program Planning (OBPP) has issued revised revenue estimates, projecting 1993 biennium revenue collections for the general fund and school equalization accounts (SEA) at \$48.8 million below the level adopted by the legislature in House Joint Resolution 24 (HJR 24). In addition, OBPP calculates that after adjustments for late collections, fiscal 1991 revenues will be approximately \$24 million below HJR 24 estimates. Thus, OBPP is predicting that total collections for the three year period fiscal 1991 through fiscal 1993 will be \$73 million--or approximately 3 percent--less than the legislature anticipated.

Lower personal income tax collections account for over 75 percent of the shortfall in OBPP's revised estimates. OBPP assumes that the \$17.5 million shortfall in estimated tax payments in fiscal 1991 will continue throughout the 1993 biennium. OBPP also revised estimates for oil price and production, interest rates, and lottery revenues downward. However, its projections for the end of the biennium are more optimistic than the legislature's for two of these sources: its calendar 1993 oil prices and non-farm wage and salary income are higher than those contained in HJR 24. OBPP also increased biennial revenue estimates for several other sources by \$9.5 million, reflecting higher-than-anticipated collections in fiscal 1991.

Based on its revised revenue estimates, OBPP anticipates a \$52.4 million deficit in the general fund at the end of fiscal 1993, if expenditures remain at appropriated levels. It has requested agencies to identify \$71.1 million in budget reductions, allowing an \$18.7 million surplus. Thus,



approximately 2 percent of the potential 8 percent budget reduction<sup>1</sup> would be needed to maintain the desired surplus.

Included in the general fund deficit is an anticipated \$48 million supplemental for the SEA. OBPP projects that the account will have a \$17.3 million deficit at the end of this fiscal year and an additional \$30.7 million shortfall in fiscal 1993. Since expenditures from this account are statutorily exempt from gubernatorial budget reductions, OBPP anticipates money will be loaned to the SEA from other accounts until the 1993 session, when the legislature will be asked to approve a general fund supplemental.

Key data concerning personal income tax trends will not be available until later this fall. Calendar 1990 tax return extensions are due October 15, the first quarter of fiscal 1992 withholdings are due October 31, and statistical data on calendar 1990 tax returns are expected to be completed in December. Without this data, it is difficult to determine whether the income tax shortfall that occurred in fiscal 1991 will continue throughout the biennium.

However, current data indicates that there may be fiscal 1992 shortfalls in several other revenue sources. Short-term interest rates are currently over two percentage points lower than estimated in HJR 24 and oil prices are \$3.10 per barrel lower.

Under current law, the Revenue Oversight Committee (ROC) is responsible for preparing revenue estimates prior to each session. Prior to the 1991 session, ROC received testimony from university economists, industry representatives, and OBPP and LFA staff concerning key economic

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<sup>1</sup>OBPP staff note that the seeming discrepancy between a 3 percent per year revenue shortfall and a requested 8 percent per year budget reduction results from two factors: 1) the two years of budget cuts are designed to balance three years of revenue shortfalls; and 2) school foundation expenditures are statutorily exempt from gubernatorial budget cuts.





indicators. Based on this testimony, ROC adopted the revenue assumptions and estimates contained in HJR 24, as introduced. The LFA used ROC's revenue estimates in its Budget Analysis issued in January 1991. While the Executive Budget was published prior to ROC's adoption of assumptions, the executive and ROC's revenue estimates were remarkably close--less than \$5.0 million or three-tenths of one percent different for the 1993 biennium.

HJR 24 was not significantly amended during its passage through tax committees and both houses.



## INTRODUCTION

The purposes of this memo are to:

- a) describe the revised revenue estimates that the Office of Budget and Program Planning (OBPP) used as the basis for its proposed budget reductions;
- b) discuss available data for key revenue sources; and
- c) describe the process used in preparing the 1993 biennium revenue estimates.

## OBPP's REVISED REVENUE ESTIMATES

OBPP has issued revised revenue estimates, projecting 1993 biennium revenue collections for the general fund and school equalization accounts at \$48.8 million below the level adopted by the legislature in House Joint Resolution 24<sup>2</sup>. In addition, OBPP calculates that fiscal 1991 collections when adjusted for late collections will be approximately \$24 million below HJR 24 estimates. Thus, OBPP is predicting that total collections for the three year period fiscal 1991 through 1993 will be \$73 million less than anticipated.

As Table 1 shows, OBPP's revised revenue estimates for the 1993 biennium are about 3 percent lower than anticipated by the legislature.

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<sup>2</sup>As adjusted for bills passed during the 1991 session.



**TABLE 1**  
**Comparison of OBPP's Revised Revenue Estimates and**  
**HJR 24\***  
**(General Fund and School Equalization)**  
**(Millions)**

|   | <u>FY92</u> | <u>FY93</u> |
|---|-------------|-------------|
| OBPP  | \$815.523   | \$830.496   |
| HJR 24  | 838.309     | 856.530     |
| Difference  | (22.786)    | (26.034)    |
| % Difference  | 2.7         | 3.0         |
| *Adjusted for bills passed during the 1991 session. |             |             |

While Statewide Budgeting and Accounting System (SBAS) records show fiscal 1991 revenue collections were \$41.5 million less than anticipated, OBPP makes two adjustments that result in a final fiscal 1991 shortfall of approximately \$24 million:

1) in mid-August, the Department of Revenue reversed an earlier document, moving \$3.5 million in corporation tax audit collections from fiscal 1992 to fiscal 1991 revenues. While this transaction took place after the close of the fiscal year, it will be shown as an adjustment to fiscal 1991 revenues in the official fund balance statement issued by the Department of Administration later this fall.

2) OBPP anticipates that most of the property tax and nonlevy revenue associated with the 40 mill statewide equalization levy will be collected. In fiscal 1991, collections were \$12.9 million less than anticipated. In July and August, counties transmitted approximately \$6.1 million of the revenue attributable to fiscal 1991. OBPP's revised revenue estimates are based on the assumption that the entire \$12.9 million of fiscal 1991 shortfall will be collected in fiscal 1992 and that there will be no further shortfall in 1993 biennium collections from this revenue source.



Attachment A shows OBPP's revised revenue estimates by source. For reference, it also shows the fiscal 1991 revenues, compared to HJR 24 estimates.

In OBPP's revised revenue estimates, lower personal income taxes account for over 75 percent of the shortfall. OBPP assumes that the \$17.5 million shortfall that occurred in estimated tax payments in fiscal 1991 will continue throughout the biennium. However, it anticipates more robust growth in non-farm wages and salaries than contained in HJR 24, as Table 2 shows. While OBPP anticipates slightly lower totals in this category in calendar 1991 and 1992 than HJR 24, its calendar 1993 estimate of total non-farm wages and salaries is higher than HJR 24, as is its anticipated real growth throughout the biennium.

| TABLE 2<br>Comparison of Non-Farm Wage and Salary Assumptions<br>(% Growth) |                       |               |
|---|-----------------------|---------------|
|   | <u>OBPP (Revised)</u> | <u>HJR 24</u> |
| CY91-92   | 5.65%                 | 4.80%         |
| CY92-93   | 6.77%                 | 4.54%         |

Despite the \$4.9 million shortfall in fiscal 1991 corporation tax collections (after the adjustment for the late audit payment), OBPP has not revised biennial total revenue estimates for corporation tax collections downward. While 1992 anticipated collections are decreased slightly, OBPP anticipates offsetting increases in fiscal 1993.

OBPP anticipates \$9.0 million lower collections from federal mineral royalties and oil severance tax, due to lower oil production and prices.

As Table 3 shows, OBPP projects that calendar 1991 oil prices will be substantially lower than anticipated in HJR 24, but that calendar 1993 prices will be slightly higher. OBPP's revised estimates assume that oil production





will be 2.4 percent less over the three year period calendar 1991-1993 than anticipated by the legislature.

**TABLE 3**  
**OBPP's Revised Oil Price Projections**  
**Price/BBL**

| <u>CY</u> | <u>OBPP (Revised)</u> | <u>HJR 24</u> | <u>Difference/bbl</u> |
|-----------|-----------------------|---------------|-----------------------|
| 1991      | \$19.67               | \$21.50       | \$(1.83)              |
| 1992      | 21.00                 | 21.60         | (0.60)                |
| 1993      | 21.51                 | 21.23         | +0.28                 |

OBPP has revised interest collections downward by \$5.6 million, reflecting lower interest rates. It is forecasting short-term interest rates of 6.02 percent in calendar 1991 and 6.55 percent in calendar 1992.

Lastly, it is predicting \$4.8 million lower revenues from the lottery during the biennium. The HJR 24 revenue estimates were based on an expanded player base due to the introduction of the Montana lotto game. OBPP is assuming that initial customer interest in the new game will wane, resulting in substantially lower collections during the 1993 biennium.

OBPP has revised estimates for several sources upward from HJR 24, as Table 4 shows. The net biennial revenue increase is \$9.5 million.



**TABLE 4**  
**OBPP's Revised Revenue Estimates for Various Revenues**  
**Sources, 1993 Biennium**  
**(Millions)**

|                                     |             | Increase from<br><u>HJR 24</u> |
|-------------------------------------|-------------|--------------------------------|
| Insurance Premium                   | \$2.78      | +7.6%                          |
| Vehicle License & Registration Fees | 3.16        | +15.1                          |
| Poker License Fees                  | 0.55        | +3.8                           |
| Institution Reimbursements          | 0.49        | +1.8                           |
| Coal Severance Tax                  | 0.17        | +0.8                           |
| Miscellaneous                       | <u>2.35</u> | +3.0                           |
| Total Net Increase                  | \$9.50      |                                |

### IMPACT ON FUND BALANCES

Based on its revised revenue estimates, OBPP anticipates a \$52.4 million deficit in the general fund by the end of fiscal 1993, if expenditures remain at appropriated levels. Attachment B shows OBPP's general fund balance, based on these revised revenue estimates and current appropriations.

By requesting \$71.1 million in budget reductions, OBPP hopes to cover the \$52.4 million deficit and leave an approximate \$18.7 million surplus. Thus, about 2 percent of the proposed 8 percent "target" budget reduction would be used to maintain the desired surplus.

OBPP's revised general fund balance sheet is based on the assumption that general fund reversions will total \$14 million during the 1993 biennium. This may require downward revision if significant budget reductions are imposed on state agencies. Decreased reversions lower the ending fund balance.



Included in the projected \$52.4 million deficit is a \$48.0 supplemental for the school equalization account (SEA). OBPP anticipates that SEA will have a \$17.3 million shortfall in fiscal 1992 and an additional \$30.7 million shortfall in fiscal 1993. Since 99 percent of the appropriations from this account are for the foundation program (which is statutorily exempt from gubernatorial budget cuts), the Governor cannot under current law significantly reduce expenditures from this account. In order to handle the deficit in fiscal 1992, OBPP is examining legal issues associated with the use of existing loan authority. Section 17-2-107(2), MCA, states:

When the expenditure of an appropriation ...is necessary and the cash balance in the accounting entity from which the appropriation was made is insufficient, the department of administration may issue a temporary loan, bearing no interest, of unrestricted money from other accounting entities if there is reasonable evidence that the income will be insufficient to repay the loan within one calendar year... (emphasis added)

During the second year of the biennium, the Office of Public Instruction via OBPP will request a supplemental general fund appropriation from the 1993 legislature to cover the projected \$48 million deficit in the account, in accordance with Section 20-9-351, MCA.

## DATA ON KEY REVENUE SOURCES

### Income Tax

Obviously, personal income tax is the key component in determining the magnitude of the revenue shortfall during the coming biennium, since it comprises over 75 percent of the shortfall in OBPP's revised revenue estimates.

As detailed in earlier memos to the committee (March 5, June 12, and August 1), the fiscal 1991 shortfall in personal income taxes was due to lower-than-anticipated collections from estimated taxes on nonwage and salary income. While tax collections from wage and salary income were very close



to anticipated levels, the tax paid on capital gains, farm income, interest and dividends, and other types of income not subject to withholding (i.e. estimated taxes) was \$17.5 million less than anticipated. Historically, estimating collections from nonwage and salary income is difficult for two reasons: 1) state income taxes on this income are due annually, rather than quarterly; and 2) these income sources tend to be more volatile than wage and salary income. Since the federal Tax Reform Act of 1986, income tax paid on nonwage and salary income has grown from 10 percent of total income tax collections to nearly 30 percent of the total.

Collections from estimated tax sources have fluctuated markedly in recent years, as Table 5 shows.

| TABLE 5<br>Estimated Tax Collections<br>(Millions) |        |
|--|--------|
| FY88   | \$25.5 |
| FY89   | 30.1   |
| FY90   | 48.1   |
| FY91   | 35.1   |

Later this fall, additional data will be available from two sources that may help predict whether the fiscal 1991 shortfall in estimated tax collections will continue throughout the 1993 biennium:

1) October 15 extensions. A number of taxpayers (approximately 7 percent) receive a six-month extension on filing their state personal income taxes. These returns are due October 15. Some observers theorize that the extensive discussion of estimated tax payment during the 1991 session





may have influenced taxpayer behavior<sup>3</sup>, and that substantial additional calendar year 1990 taxes will be paid in October 1991. Historically, monthly income tax collections do increase in October, reflecting extension payments. However, October monthly collections have varied dramatically in recent years, as Table 6 shows.

| TABLE 6<br>October Income Tax Collections<br>(Millions) |        |
|---|--------|
| FY88  | \$ 2.1 |
| FY89  | 3.7    |
| FY90  | 15.4   |
| FY91  | 6.0    |

By late October, extension returns will be filed and total calendar 1990 tax payments known.

2) calendar 1990 data. By December, the Department of Revenue will have received and keypunched most of the calendar 1990 tax returns (including the October 15 extensions). At that point, detailed statistical data will be available, allowing a determination of what components of nonwage and salary income declined. Until this additional data becomes available, it is difficult to predict whether the fiscal 1991 shortfall in estimated tax will continue in fiscal 1992 and 1993.

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<sup>3</sup>Prior to tax year 1991, taxpayers were subject to interest but no penalties if the payment for the previous tax year was made by October 15. Under House Bill 959 passed by the 1991 legislature, for tax year 1991 and beyond taxpayers must pay either 95 percent of their current year's tax liability or 100 percent of the previous year's liability by April 15 or be assessed a penalty.



### Interest Rates

HJR 24 assumes a short-term interest rate of 7.71 percent for fiscal 1992. As of August 26, 1991, the interest rate on 90-day treasury bills was 5.4 percent. Board of Investment staff report that the current average interest rate earned on the state's Short-Term Investment Pool (STIP) is less than 5.5 percent. In its August 1991 edition, Wharton's U.S. Economic Outlook forecasts short-term interest rates to be less than 6 percent for calendar 1992.

Compounding the impact of the lower interest rates are lower amounts available for investment. The revenue shortfalls in fiscal 1991 significantly reduced the fund balances in the SEA and the general fund account, resulting in less cash to invest.

Interest on the treasury cash account (which does not include the coal tax permanent trust fund or the common school trust) is an important general fund revenue source: \$47.4 million during the 1993 biennium under HJR 24 revenue estimates.

### TRANS Issue

In addition to potential revenue shortfalls from TCA investments, arbitrage earnings from the issuance of Tax and Revenue Anticipation Notes (TRANS) may not be fully realized. HJR 24 assumed that TRANS would be issued July 1, 1991, producing \$0.75 million in interest earnings in fiscal 1992. The Department of Administration has not yet determined whether TRANS will be issued during this fiscal year.

### Oil Prices

As of August 21, the posted price of crude oil in central Montana was \$18.40 per barrel. The calendar 1991 price in HJR 24 is \$21.50.



## REVENUE ESTIMATE PROCEDURES AND HISTORY

Section 5-18-107, MCA, state that prior to each legislative session the Revenue Oversight Committee (ROC) is responsible for preparing "an estimate of the amount of revenue projected to be available for legislative appropriation". An amendment enacted by the 1991 session provides:

The committee's estimate, as introduced in the legislature, constitutes the legislature's current revenue estimate until amended or until final adoption of the estimate by both houses. It is intended that the legislature's estimates and the assumptions underlying the estimates will be used by all agencies with responsibilities for estimating revenues or costs, including the preparation of fiscal notes.

Prior to the 1991 amendment, ROC also had a statutory responsibility to "issue periodic reports to the legislature in... the interim, indicating the committee's current revenue estimate".

In preparation for the 1991 session, ROC held two meetings to solicit input on key economic assumptions to be included in the revenue estimate resolution. At a November 16, 1990 meeting, members heard testimony from university economists and trade groups concerning personal income growth, interest rates, oil prices, and other economic variables. At its December 7 meeting, the committee asked revenue estimating staff from OBPP and the LFA to present the results of their research. Based on testimony received at the two meetings, the committee voted on each assumption, which were then introduced in House Joint Resolution 24.

The LFA used the economic assumptions adopted by ROC in its revenue estimates, published in January 1991 in the Budget Analysis. While the Executive Budget was published in December prior to ROC's adoption of assumptions, the executive and ROC's general fund and SEA revenue estimates were remarkably close--a difference of only \$5.0 million for the 1993 biennium or less than three-tenths of one percent. Nor were there significant changes in revenue estimates throughout the session. Although the resolution was considered at ROC meetings in February and March, by



the Senate and House Taxation committees, and voted upon by both the House and Senate, there were relatively few changes in the basic economic assumptions and resulting revenue estimates. Table 7 shows the revenue estimates for several key revenue sources at three stages in the process: in the Executive Budget published in December 1990, in HJR 24 as introduced by ROC (and used in the LFA Budget Analysis), and as adopted by the legislature on the 90th day.





**TABLE 7**  
**Key Revenue Assumptions**  
**(Millions)**

|                                   | <u>FY91</u> | <u>FY92</u> | <u>FY93</u> |
|-----------------------------------|-------------|-------------|-------------|
| <u>Income Tax (Millions)</u>      |             |             |             |
| OBPP <sup>4</sup>                 | \$303.460   | \$311.176   | \$327.201   |
| HJR 24 (introduced) <sup>5</sup>  | 300.490     | 305.411     | 323.470     |
| HJR 24 (adopted) <sup>6</sup>     | 300.490     | 307.161     | 325.820     |
| <u>Corp. Tax (Millions)</u>       |             |             |             |
| OBPP                              | 44.861*     | 56.083      | 55.409      |
| HJR 24 (introduced)               | 43.307*     | 53.645      | 52.879      |
| HJR 24 (adopted)                  | 43.307*     | 53.632      | 52.854      |
| <u>40 Mill Revenue (Millions)</u> |             |             |             |
| OBPP                              | 67.719      | 71.934      | 73.187      |
| HJR                               | 69.910      | 71.902      | 73.375      |
| HJR 24                            | 69.910      | 71.864      | 73.378      |
|                                   | <u>CY91</u> | <u>CY92</u> | <u>CY93</u> |
| <u>Oil (Price/Barrel)</u>         |             |             |             |
| OBPP                              | 25.70       | 22.01       | 20.63       |
| HJR 24 (introduced)               | 23.73       | 21.60       | 21.23       |
| HJR 24 (adopted)                  | 21.50       | 21.60       | 21.23       |
| *General Fund Portion             |             |             |             |

At the March 5 ROC meeting, both OBPP and LFA staff presented written reports expressing concern with three areas in the resolution: income tax collections, oil prices, and interest rates. The LFA staff

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<sup>4</sup>As published in Executive Budget

<sup>5</sup>HJR 24 as introduced and as used in LFA Budget Analysis

<sup>6</sup>As adopted by the Legislature



recommended that the legislature consider budgeting a 5 percent ending fund balance in both the general fund and SEA (\$43.5 million) due to the potential volatility of these revenue sources. (The revised Executive Budget included a \$30.0 million ending fund balance.) The committee voted not to revise the resolution until more information became available.

On April 9, the Senate Taxation Committee heard testimony that oil prices in the resolution might be too high. OBPP testified that while income tax collections continued to be of concern, complete information on fiscal 1991 collection would not be available until late April. On April 15, the committee approved the resolution with no changes in the key assumptions.

The free joint conference committee which met during the last week of the session to consider difference between the Senate and the House versions increased total revenues by approximately \$7.9 million, reflecting higher anticipated income tax audits, legislative audit collections, and TRANS arbitrage earnings. It also lowered projected calendar 1991 oil price by \$2.23/barrel. However, there were no amendments to the other key economic assumptions. On the last day of the session, HJR 24 passed 75 to 19 in the House and 35 to 13 in the Senate.

ROC continues to be active in monitoring revenue estimates during the interim. LFA staff has presented two reports to the committee concerning shortfalls in fiscal 1991 revenues. At its June 12 meeting, LFA staff reported that data through May indicated that the fiscal 1991 shortfall would be more than \$20 million. At the August 2 meeting, LFA staff reported that final fiscal year end figures showed a \$41.5 million shortfall.



Office of Budget and Program Planning  
Revised General Fund and Foundation Program Revenue Estimates  
7/31/91

Attachment A

| REVENUE CATEGORY                     | Fiscal Year 1991          |                        |                              | Fiscal Year 1992          |                  |                     | % OF HJR 24 | Fiscal Year 1993          |                  |                     | % OF HJR 24 |
|--------------------------------------|---------------------------|------------------------|------------------------------|---------------------------|------------------|---------------------|-------------|---------------------------|------------------|---------------------|-------------|
|                                      | HJR 24 ESTIMATED RECEIPTS | ACTUAL FYE 91 RECEIPTS | AMOUNT OVER/(UNDER) ESTIMATE | HJR 24 ESTIMATED RECEIPTS | REVISED ESTIMATE | REVISION DIFFERENCE |             | HJR 24 ESTIMATED RECEIPTS | REVISED ESTIMATE | REVISION DIFFERENCE |             |
| General Fund Revenues:               |                           |                        |                              |                           |                  |                     |             |                           |                  |                     |             |
| Drivers License Fee                  | 879,000                   | 892,599                | 3,589                        | 1,571,000                 | 1,767,000        | 196,000             | 12.5%       | 1,577,000                 | 1,772,000        | 195,000             | 12.4%       |
| Insurance Tax                        | 18,746,058                | 20,438,058             | 1,692,058                    | 18,518,000                | 19,502,000       | 984,000             | 5.3%        | 17,885,000                | 19,600,000       | 1,795,000           | 10.0%       |
| Vehicle Registration Fee             | 6,672,000                 | 7,845,076              | 1,173,076                    | 7,883,000                 | 9,134,000        | 1,251,000           | 15.9%       | 8,055,000                 | 9,442,000        | 1,387,000           | 17.2%       |
| Vehicle License Fee                  | 2,337,142                 | 2,701,000              | 363,858                      | 2,710,000                 | 2,948,000        | 238,000             | 8.8%        | 2,781,000                 | 3,066,000        | 285,000             | 10.2%       |
| Poker License Fee                    | 6,304,000                 | 6,551,179              | 247,179                      | 6,969,000                 | 7,239,000        | 270,000             | 3.9%        | 7,517,000                 | 7,800,000        | 283,000             | 3.8%        |
| Beer Tax                             | 1,264,000                 | 1,293,102              | 29,102                       | 1,272,000                 | 1,223,000        | (47,000)            | -3.7%       | 1,280,000                 | 1,226,000        | (54,000)            | -4.2%       |
| Coal Severance Tax                   | 7,456,000                 | 7,765,470              | 309,470                      | 5,939,000                 | 6,066,000        | 147,000             | 2.5%        | 5,913,000                 | 5,864,000        | (49,000)            | -0.8%       |
| Corporation Tax                      | 43,307,000                | 38,165,356             | (5,141,644)                  | 32,715,000                | 31,440,000       | (1,275,000)         | -3.9%       | 32,240,000                | 33,360,000       | 1,120,000           | 3.5%        |
| Electrical Energy Tax                | 4,240,000                 | 3,906,394              | (333,606)                    | 4,239,000                 | 3,984,000        | (255,000)           | -6.0%       | 4,241,000                 | 4,055,000        | (186,000)           | -4.4%       |
| Freight Line Tax                     | 1,298,000                 | 1,297,794              | (206)                        | 1,197,000                 | 1,282,000        | 85,000              | 7.1%        | 1,193,000                 | 1,271,000        | 78,000              | 6.5%        |
| Individual Income Tax                | 150,245,000               | 142,262,737            | (7,982,263)                  | 207,917,000               | 197,963,000      | (9,954,000)         | -4.8%       | 213,425,000               | 199,499,000      | (13,926,000)        | -6.5%       |
| Inheritance Tax                      | 9,391,000                 | 9,339,854              | (51,146)                     | 9,704,000                 | 9,704,000        | 0                   | 0.0%        | 9,969,000                 | 9,969,000        | 0                   | 0.0%        |
| Metal Mines Tax                      | 4,641,000                 | 4,638,654              | (2,346)                      | 4,661,000                 | 4,736,000        | 75,000              | 1.6%        | 4,460,000                 | 4,406,000        | (54,000)            | -1.2%       |
| Natural Gas Severance Tax            | 1,438,000                 | 1,277,368              | (160,632)                    | 1,634,000                 | 1,740,000        | 106,000             | 6.5%        | 1,816,000                 | 2,019,000        | 203,000             | 11.2%       |
| Oil Severance Tax                    | 20,295,000                | 18,665,901             | (1,629,099)                  | 19,423,000                | 17,152,000       | (2,277,000)         | -11.7%      | 18,528,000                | 17,789,000       | (739,000)           | -4.0%       |
| Telephone Tax                        | 3,903,000                 | 3,899,657              | (3,343)                      | 4,073,000                 | 4,007,000        | (66,000)            | -1.6%       | 4,209,000                 | 4,164,000        | (45,000)            | -1.1%       |
| Wine Tax                             | 806,000                   | 805,116                | (884)                        | 785,000                   | 784,000          | (1,000)             | -0.1%       | 766,000                   | 754,000          | (12,000)            | -1.6%       |
| Institution Reimbursements           | 12,205,000                | 14,141,150             | 1,936,150                    | 13,458,000                | 13,645,000       | 187,000             | 1.4%        | 13,037,000                | 13,335,000       | 298,000             | 2.3%        |
| TCA Interest Earnings                | 20,235,000                | 22,306,533             | 2,071,533                    | 22,276,000                | 22,045,000       | (231,000)           | -1.0%       | 25,092,000                | 21,910,000       | (3,182,000)         | -12.7%      |
| Liquor Excise Tax                    | 9,500,000                 | 5,759,437              | (3,740,563)                  | 5,710,000                 | 5,548,000        | (162,000)           | -2.8%       | 5,691,000                 | 5,571,000        | (120,000)           | -2.1%       |
| Liquor Profits                       | 8,018,000                 | 7,750,000              | (268,000)                    | 4,363,000                 | 4,141,000        | (222,000)           | -5.1%       | 4,302,000                 | 4,144,000        | (158,000)           | -3.7%       |
| Coal Trust Interest Earnings         | 40,773,000                | 39,961,903             | (811,097)                    | 44,045,000                | 42,578,000       | (1,467,000)         | -3.3%       | 45,432,000                | 44,414,000       | (1,018,000)         | -2.2%       |
| Long Haulage Bond Excess             | 43,036,000                | 40,713,103             | (2,322,897)                  | 43,829,000                | 42,540,000       | (1,289,000)         | -2.9%       | 44,451,000                | 43,200,000       | (1,251,000)         | -2.8%       |
| Other Revenue                        | 18,040,000                | 17,613,270             | (426,730)                    | 21,992,000                | 22,797,000       | 805,000             | 3.7%        | 24,161,000                | 24,735,000       | 574,000             | 2.4%        |
| Total General Fund                   | 431,359,000               | 420,256,643            | (11,102,357)                 | 486,889,000               | 474,007,000      | (12,882,000)        | -2.6%       | 498,021,000               | 483,445,000      | (14,576,000)        | -2.9%       |
| School Foundation Program Revenues:  |                           |                        |                              |                           |                  |                     |             |                           |                  |                     |             |
| Coal Severance Tax                   | 5,523,000                 | 5,752,194              | 229,194                      | 4,399,000                 | 4,508,000        | 109,000             | 2.5%        | 4,380,000                 | 4,344,000        | (36,000)            | -0.8%       |
| Corporation Tax                      | 20,234,000                | 17,841,428             | (2,392,572)                  | 13,285,000                | 14,669,000       | (996,000)           | -7.5%       | 15,062,000                | 15,541,000       | 479,000             | 3.2%        |
| Individual Income Tax                | 124,102,000               | 115,933,687            | (8,168,313)                  | 94,357,000                | 89,849,000       | (4,508,000)         | -4.8%       | 96,857,000                | 90,537,000       | (6,320,000)         | -6.5%       |
| County Levy Surplus                  | 86,037,000                | 84,872,114             | (1,164,886)                  | 87,998,000                | 87,998,000       | 0                   | 0.0%        | 89,577,000                | 89,577,000       | 0                   | 0.0%        |
| Statewide Levy                       | 62,972,000                | 56,953,456             | (5,978,544)                  | 64,075,000                | 64,075,000       | 0                   | 0.0%        | 65,231,000                | 65,231,000       | 0                   | 0.0%        |
| SEA Interest Earnings                | 629,000                   | 141,313                | (487,687)                    | 375,000                   | 375,000          | 0                   | 0.0%        | 0                         | 0                | 0                   | 0.0%        |
| Local Impact Interest                | 0                         | 176,629                | 176,629                      | 0                         | 0                | 0                   | 0.0%        | 0                         | 0                | 0                   | 0.0%        |
| Interest and Income                  | 36,961,000                | 35,665,505             | (1,295,495)                  | 38,063,000                | 38,063,000       | 0                   | 0.0%        | 39,293,000                | 39,293,000       | 0                   | 0.0%        |
| Coal Trust Interest                  | 6,245,000                 | 6,214,450              | (30,550)                     | 7,022,000                 | 7,514,000        | 492,000             | 7.0%        | 8,018,000                 | 7,838,000        | (180,000)           | -2.2%       |
| Lottery                              | 4,975,000                 | 4,200,337              | (774,663)                    | 5,901,000                 | 4,000,000        | (1,901,000)         | -32.2%      | 6,381,000                 | 3,480,000        | (2,901,000)         | -45.5%      |
| Education Trust Interest             | 175,000                   | 823,037                | 648,037                      | 70,000                    | 70,000           | 0                   | 0.0%        | 72,000                    | 72,000           | 0                   | 0.0%        |
| U.S. Mineral Leasing                 | 25,420,000                | 21,924,394             | (3,495,606)                  | 25,527,000                | 22,027,000       | (3,500,000)         | -13.7%      | 24,916,000                | 22,416,000       | (2,500,000)         | -10.0%      |
| Other Revenue                        | 7,337,000                 | 0                      | (7,337,000)                  | 8,358,000                 | 8,358,000        | 0                   | 0.0%        | 8,722,000                 | 8,722,000        | 0                   | 0.0%        |
| Total Foundation (w/o Levy Revenue)* | 380,211,000               | 350,742,362            | (29,468,638)                 | 351,420,000               | 341,516,000      | (9,904,000)         | -2.8%       | 358,599,000               | 347,051,000      | (11,458,000)        | -3.2%       |
| Grand Total                          | 811,570,000               | 770,999,005            | (40,570,995)                 | 838,309,000               | 815,523,000      | (22,786,000)        | -2.7%       | 856,530,000               | 830,496,000      | (26,034,000)        | -3.0%       |



WKS=GFSCHEDA  
DATE: 08/30/91

OFFICE OF BUDGET AND PROGRAM PLANNING  
GENERAL FUND HISTORY AND REVISED PROJECTIONS FOR FY92/93  
(MILLIONS)

Attachment B

|                               | ACTUAL<br>FY 84 | ACTUAL<br>FY 85 | ACTUAL<br>FY 86 | ACTUAL<br>FY 87 | ACTUAL<br>FY 88 | ACTUAL<br>FY 89 | ACTUAL<br>FY 90 | ACTUAL<br>FY 91 | ESTIMATED<br>FY 92 | ESTIMATED<br>FY 93 |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|--------------------|
| BEGINNING FUND BALANCE        | \$57,141        | \$35,097        | \$27,545        | \$16,002        | \$10,557        | \$39,472        | \$67,234        | \$89,038        | \$55,878           | \$10,754           |
| RECEIPTS                      |                 |                 |                 |                 |                 |                 |                 |                 |                    |                    |
| ESTIMATED REVENUE             | \$330,305       | \$364,522       | \$349,541       | \$346,690       | \$391,152       | \$411,729       | \$447,962       | \$420,257       | \$474,007          | \$483,445          |
| TOTAL RECEIPTS                | \$330,305       | \$364,522       | \$349,541       | \$346,690       | \$391,152       | \$411,729       | \$447,962       | \$420,257       |                    |                    |
| TOTAL AVAILABLE               | \$387,446       | \$399,619       | \$377,086       | \$362,692       | \$401,709       | \$451,201       | \$515,196       | \$509,295       | \$529,885          | \$494,199          |
| DISBURSEMENTS                 |                 |                 |                 |                 |                 |                 |                 |                 |                    |                    |
| BUDGETED DISBURSEMENTS        | 345,127         | 365,061         | 362,161         | 371,959         | 370,795         | 388,270         | 432,323         | 421,213         | 453,868            | 452,795            |
| FOUNDATION PROGRAM            | 12,260          | 15,298          | 4,654           | 19,355          | 0,000           | 0,000           | 0,000           | 0,000           | 0,000              | 0,000              |
| MODIFIED LEVEL DISBURSEMENTS  |                 |                 |                 |                 |                 |                 |                 |                 |                    |                    |
| LEGISLATIVE FEED BILL         |                 |                 |                 |                 |                 |                 |                 | 4,499           | 7,842              | 4,500              |
| MISCELLANEOUS APPROPRIATIONS  |                 |                 |                 |                 |                 |                 |                 | 0,008           | 7,887              | 7,887              |
| PAY PLAN PROPOSAL             |                 |                 |                 |                 |                 |                 |                 | 0,073           | 12,962             | 20,914             |
| SUPPLEMENTAL REQUESTS         |                 |                 |                 |                 |                 |                 |                 | 12,426          | 17,264             | 30,693             |
| TRANS INTEREST                |                 |                 |                 |                 |                 |                 |                 |                 | 1,505              | 2,755              |
| DEBT SERVICE                  |                 |                 |                 |                 |                 |                 |                 | 10,984          | 10,817             | 11,754             |
| PROPERTY TAX REIMBURSEMENT    |                 |                 |                 |                 |                 |                 |                 | 18,349          | 18,500             | 18,500             |
| RETIREE SUPPLEMENT PAYMENTS   |                 |                 |                 |                 |                 |                 |                 |                 | 3,340              | 3,730              |
| LANGUAGE APPROPRIATIONS       |                 |                 |                 |                 |                 |                 |                 |                 | 0,033              | 0,104              |
| REVERSIONS                    |                 |                 |                 |                 |                 |                 |                 | -10,000         | -7,000             | -7,000             |
| TOTAL DISBURSEMENTS           | \$357,387       | \$380,359       | \$366,815       | \$391,314       | \$370,795       | \$388,270       | \$432,323       | \$457,574       | \$519,131          | \$546,632          |
| ADJUSTMENTS                   | 5,038           | 8,285           | 5,731           | -2,371          | 4,707           | 1,090           | 5,969           |                 |                    |                    |
| FOUNDATION PROGRAM REVERSION  |                 |                 |                 |                 | 3,651           |                 |                 |                 |                    |                    |
| RESIDUAL EQUITY TRANSFER      |                 |                 |                 | 41,550          | 0,200           | 3,213           | 0,196           | 4,157           |                    |                    |
| ENDING FUND BALANCE           | \$35,097        | \$27,545        | \$16,002        | \$10,557        | \$39,472        | \$67,234        | \$89,038        | \$55,878        | \$10,754           | (\$52,433)         |
| SUPPLUS AS % OF DISBURSEMENTS | 9.82%           | 7.24%           | 4.36%           | 2.70%           | 10.65%          | 17.32%          | 20.60%          | 12.21%          | 2.07%              | -9.59%             |









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